

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 ICAE-00 INRE-00 AID-05 CEA-01 COME-00
EB-08 EA-10 FRB-03 INR-10 IO-13 NEA-11 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
SOE-02 DOE-15 H-01 INT-05 L-03 PM-05 OES-07
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O R 171515Z MAY 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 1979
INFO AMCONSUL ISTANBUL
AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L ANKARA 3793

PARIS PLEASE PASS TO MARY MCDONNELL, AMEMBASSY ANKARA
E/C COUNSELOR ATTENDING MEETING OF OECD CONSORTIUM FOR
TURKEY

USOECD

E.O. 11652 GDS
TAGS: BDIS, ENRG, EFIN, TU
SUBJ: MOBIL OIL PROBLEMS IN TURKEY

REF: (A) STATE 122096 (B) ANKARA 3691

1. REF A INSTRUCTING EMBASSY TO APPROACH MFA ON THIS
SUBJECT CROSSED WITH REF B REPORTING SUCH AN APPROACH
AT EMBASSY INITIATIVE ON MAY 11. ACTING E/C COUNSELOR,
IN ACCORDANCE WITH REF A, AGAIN CALLED ON MFA DEPUTY
SECRETARY GENERAL FOR BILATERAL ECONOMIC RELATIONS,
BEHIC HAZAR, ON MAY 16 TO MAKE ADDITIONAL POINTS SUG-
GESTED BY DEPARTMENT, REFRAINING FROM
ANY REFERENCE TO US LEGISLATION THATMIGHT BE APPLICABLE,
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AS WELL AS FURTHER REFERENCE TO POSSIBLE IMPACT
ON ARMS EMBARGO ISSUE. HE STRESSED IN PARTICULAR USG
HOPE THAT GOT WOULD CONSIDER DELAYING FINAL ACTION AGAINST
MOBIL IN ORDER TO PERMIT PARTIES INVOLVED TO WORK
OUT MUTUALLY AGREEABLE SOLUTION.

2. AS WAS CASE ON MAY 11, HAZAR'S RESPONSE WAS CON-

CILIATORY. ALTHOUGH CAREFUL TO DISCLAIM ANY RESPONSIBILITY OR AUTHORITY IN THE MATTER, HE EXPRESSED PERSONAL VIEW THAT MOBIL HAD BECOME UNDULY EXCITED. HE POINTED OUT THAT NOTICE GIVEN IN LATE FEBRUARY WAS NOT FINAL ACTION, SHOULD NOT BE INTERPRETED AS A THREAT, AND ONLY GAVE GOT RIGHT TO TAKE ACTION IF DECISION WERE TO BE MADE TO DO SO.

3. AGAIN STRESSING PERSONAL NATURE OF HIS REMARKS, HAZAR SAID HE HAD IMPRESSION MOST USEFUL APPROACH BY MOBIL AT THIS POINT WOULD BE TO PROPOSE SCHEDULE OF REPAYMENTS OF ARREARS FOR PAST CRUDE SHIPMENTS. HE ACKNOWLEDGED THAT MOBIL HAD IN FACT ALREADY MADE SUCH A PROPOSAL BUT SAID IT "HAD BEEN LOST" AMONG OTHER DEMANDS BY MOBIL IN ITS PAST APPROACHES TO MINISTRY OF ENERGY. THESE, HE SAID, GAVE IMPRESSION MOBIL WAS IMPOSING PRECONDITIONS NOT DIRECTLY RELATED TO TURKISH SHORTAGE OF FOREIGN EXCHANGE WHICH WAS AT ROOT OF ARREARS PROBLEM. IN RESPONSE TO QUESTIONS, HAZAR INDICATED HE THOUGHT THAT PRESENT PACKAGE APPROACH BY MOBIL MIGHT BE CAUSE OF MINISTRY OF ENERGY INACTION, AND THAT SEPARATION OF PAYMENTS PROBLEM FROM OTHER ISSUES - - I.E., REFINERY MARGINS, EXCHANGE RATE DIFFERENTIAL, ETC. - - COULD BE HELPFUL STEP.

4. AT SEVERAL POINTS IN CONVERSATION, HAZAR ALSO EX-
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PRESSED APPRECIATION FOR EMBASSY'S MAY 11 APPROACH TO HIM TO ENSURE THAT MFA WAS APPRISED OF THIS INCIPIENT BILATERAL ISSUE. HE SAID THAT SUBSTANCE OF OUR APPROACH HAD BEEN RELAYED TO MINISTERS CONCERNED (PRESUMABLY MINISTERS OF FOREIGN AFFAIRS, FINANCE AND ENERGY) AND THAT THEY ACCORDED "UTMOST IMPORTANCE" TO IT. HE SAID MFA WAS ALSO PLEASED TO LEARN OF EMBASSY'S CONCERN ABOUT POSSIBLE IMPACT ON EMBARGO QUESTION OF THIS PROBLEM. AGAIN UNDERLINING FACT THAT MFA WAS NOT DIRECTLY INVOLVED, HE STATED HE NEVERTHELESS HOPED TO SEE PROBLEM "COOLED" AND URGED THAT MOBIL MAKE FURTHER EFFORTS TO REACH MUTUALLY ACCEPTABLE AGREEMENT ON A REPAYMENTS SCHEDULE.

5. COMMENT. WE HAVE NOT YET APPROACHED MINISTRY OF FINANCE, AS OUR USUAL MOF CONTACTS ARE IN PARIS FOR OECD TURKISH CONSORTIUM MEETING. HOWEVER, WE ARE ENDEAVORING TO IDENTIFY ANOTHER APPROPRIATE OFFICIAL IN MOF AND WILL RAISE MATTER WITH HIM AT SUITABLE OPPORTUNITY. MEANWHILE, MISS MCDONNELL MAY WISH TO CONSIDER APPROACHING GUCAVAS OR MRS. OYMEN IN PARIS IF OCCASION ARISES, AND IF DEPARTMENT CONCURS.

6. IT IS, OF COURSE, DIFFICULT TO BE CERTAIN OF EXTENT TO WHICH HAZAR WAS SPEAKING FOR HIMSELF OR IN FACT WAS RELAYING DISCREETLY SUGGESTIONS FROM HIGHER LEVELS OF MINISTRIES OF FOREIGN AFFAIRS OR ENERGY. IN ANY EVENT, TWO PRELIMINARY CONCLUSIONS SEEM WARRANTED AT THIS POINT:

1) THAT TURKS MAY WELL NOT INTEND TO TAKE DEFINITIVE ACTION ON MAY 28 BUT MAY LET SITUATION DRIFT WITH MOBIL OPERATING IN HIGHLY UNSATISFACTORY STATE OF UNCERTAINTY OR TAKING ONUS FOR TERMINATING OPERATIONS ITSELF, AND 2) THAT SUGGESTION MOBIL PROPOSE A REPAYMENT SCHEDULE WITHOUT REFERENCE TO OTHER PROBLEMS IN ITS TURKISH OPERATIONS WILL NOT BE FEASIBLE. COMPANY'S SEVERAL FINANCIAL PROBLEMS ARE CLOSELY INTER-CONFIDENTIAL

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RELATED AND INVOLVE NOT ONLY TURKISH FAILURE TO APY FOR CRUDE IMPORTS BUT COMPANY'S INABILITY TO GENERATE SUFFICIENT CASH FLOW IN PRESENT CONDITIONS. WE WILL BE INFORMING CASANOVA OF SUBSTANCE OF HAZAR'S COMMENTS AND WILL KEEP DEPARTMENT INFORMED.

7. AFTER FOREGOING WAS DRAFTED WE TALKED WITH CASANOVA BY TELEPHONE. AS EXPECTED, HE SAID THERE WAS ACTUALLY NOTHING NEW IN HAZAR'S SUGGESTIONS AND THAT MOBIL HAD LONG AGO PROPOSED TURKS GIVE COMPANY SOME ESTIMATE OF PLANS TO CLEAR ARREARS, WITH NO RESULT. HE CONFIRMED THAT ARREARS PROBLEM WAS INSEPARABLE FROM THE OTHER DIFFICULTIES COMPANY HAD BEEN EXPERIENCING FOR YEARS. AS RESULT MOBIL TURK WAS TECHNICALLY BANKRUPT AND COULD NOT CONTINUE TO OPERATE IN PREVAILING CIRCUMSTANCES. SPIERS

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